



# BEST EXECUTION POLICY

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# 1. SCOPE

- 1.1. This document sets out the NSFX's policies when it comes to the execution of orders on behalf of Retail and Professional Clients in respect of spot forex transactions and contracts for difference (the "**Instruments**") traded on the NSFX trading platform and how NSFX seeks to obtain, when executing orders, the best possible result for its clients. This document also sets out NSFX's order allocation and aggregation policies. It should be noted that this document does not apply to Eligible Counterparties.

# 2. ORDER EXECUTION POLICY

- 2.1 NSFX undertakes to take all reasonable steps to obtain, when carrying out orders on behalf of its clients, the best possible result for its clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order; provided that whenever there is a specific instruction from the client (please also refer to section 3), NSFX will carry out the order in line with the specific client instruction, which may lead to a result that is not the best possible for the client.
- 2.2 The best possible result is primarily determined in terms of the total consideration, representing the price of the instrument and the costs related to execution, which includes all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.
- 2.3 NSFX obtains bid/ask prices from underlying liquidity providers, through a liquidity bridge. While NSFX strives to ensure that the best bid/ask prices supplied by its liquidity providers are passed on to its clients, NSFX cannot guarantee that the price provided will always be better than one which is or might have been available elsewhere.
- 2.4 In addition to price, there are a number of other execution factors that are taken into account when seeking to deliver best execution. These are discussed in turn below.

## 2.4.1 Size of order

All orders are placed in lot sizes. A lot is a unit that measures the transaction amount and it is different per each financial instrument. If the client wishes to execute a large size order, in some cases the price may become less favorable considering the liquidity in the market. NSFX reserves the right not to accept a client order in case the size of the order is large and cannot be filled by NSFX.

## 2.4.2 Speed

Prices change over time and the frequency with which they do varies with different financial instruments and market conditions. The tradable prices are distributed via NSFX's trading platform and therefore the technology used by the client to communicate with NSFX is very important.

#### 2.4.3 Nature of the order

Clients can give NSFX a number of orders such as a market order, stop loss, take profit, pending order, etc. Naturally the nature of an order may have an impact on the delivery of best execution in respect of that client order.

#### 2.4.4 Likelihood of execution

Because of the different levels of volatility that affect price and volume, NSFX seeks to provide client orders with the fastest execution. All client orders except Pending Orders are executed at the available current market prices. Client's Pending Orders are executed by at the requested price. However, under certain market conditions (i.e. due to limited volume in the market) orders may not be filled at the exact price requested but at the best available market price offered to NSFX from its liquidity providers. This may occur during news announcements, during periods of volatile market conditions, on opening gaps or on possible gaps where the underline instrument has been suspended or restricted on a particular market.

- 2.5. Clients should also note that NSFX is legally obliged to appoint liquidity providers that are authorised in an EU, EEA or other jurisdiction that has an equivalent regulatory framework as Malta. This requirement may therefore result in a liquidity provider authorised in a jurisdiction that does not have an equivalent regulatory framework offering preferential bid/ask prices.

## 3. SPECIFIC INSTRUCTIONS

- 3.1. The client is hereby informed and acknowledges that any specific instructions from the client may prevent NSFX from taking the steps that it has designed and implemented to obtain the best possible result for the client and that such instructions shall take precedence over this Policy.
- 3.2. Furthermore, if the price reaches an order, such as Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, such orders are instantly executed. However, under certain trading conditions it may be impossible to execute certain orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the client's requested price. In this case, NSFX has the right to execute the order at the first available price. This may occur, for example, at times of rapid price fluctuations, if the price rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or this may occur at the opening of trading sessions.

## 4. ORDER AGGREGATION

- 4.1. Where NSFX carries out an order for a client, it may, subject to the terms of this section, aggregate such order with one or more other client orders or its own orders.
- 4.2. While aggregation typically works to the advantage of the client as execution fees can be lower, it is possible that such aggregation may work to the disadvantage of the client. It should be noted, however, that NSFX will seek to avoid any aggregation that is likely to work to the disadvantage of the client. Nevertheless, NSFX must disclose to each client

whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order.

- 4.3. In general, if the full aggregated order is executed, each client order will be executed at the same price, which will be an average of the aggregate price. Partially filled aggregated orders are required to be allocated to clients on a pro-rata basis regardless of whether one client has a larger underlying position to fill.
- 4.4. Proprietary and client orders received / placed simultaneously in the same security and in the same direction should not be filled concurrently to avoid the potential for conflict. Only once the client orders have been completed should the proprietary order be filled. This shall not apply, however, if NSFX is able to demonstrate on reasonable grounds that without the aggregation of client orders and its own orders, it would not have been able to carry out the order on such advantageous terms, or at all.

## 5. SLIPPAGE

- 5.1. Clients should note that slippage may occur when trading in Instruments on NSFX's trading platform. This is the situation when at the time that an order is presented for execution, the specific price shown to the client may not be available; therefore, the order will be executed close to or a number of pips away from the client's requested price. In other words, slippage is the difference between the expected price of an order, and the price the order is actually executed at. If the execution price is better than the price requested by the client, this is referred to as positive slippage. If the executed price is worse than the price requested by the client, this is referred to as negative slippage. While NSFX takes measures to seek to facilitate trading without any slippage, clients should note that slippage is typically caused owing to circumstances beyond the control of NSFX. In fact, slippage more often occurs during periods of illiquidity or higher volatility (for example due to news announcements, economic events and market openings and other factors) making an order at a specific price impossible to execute.

## 6. EXECUTION VENUES

- 6.1. Execution venues are the entities to which the orders are placed or to which NSFX transmits orders for execution. NSFX is connected to different liquidity providers who provide bid/ask prices to NSFX's trading platform via a liquidity bridge and are therefore regarded as third party execution venues. Furthermore, NSFX may also trade on own account as market maker and thereby act as the main execution venue. The client acknowledges and accepts that all transactions entered in any particular Instrument with NSFX are executed outside a regulated market or a multi-lateral trading facility (MTF) and the client is exposed to a greater risk of a possible default of the counterparty (i.e. NSFX when trading on own account or the third party liquidity providers, in the case of STP).

## 7. LIMITATION OF LIABILITY

- 7.1 NSFX shall not be responsible for any loss or damage caused, directly or indirectly, by any events, actions or omissions beyond the reasonable control of NSFX, including, without limitation, loss or damage resulting, directly or indirectly, from any delays or inaccuracies in the transmission of orders and/or information due to a breakdown or fault in or failure of any transmission or communication facilities.
- 7.2 The NSFX acknowledges that due to market conditions or other circumstances, NSFX (including its liquidity providers) may be unable to execute an order at the market or specified level/price and the client agrees that NSFX will bear no liability in such eventuality nor shall be obliged to compensate the client in question.
- 7.3 The client acknowledges that execution may not be immediate or at the price dictated by the opening level due to imbalances in orders, market conditions, market liquidity, price gaps or other circumstances. NSFX shall have no responsibility for delays in the transmission of orders due to disruption, market conditions, failure or malfunction of communications facilities and shall not be liable for any claims, losses, damages, costs or expenses, including lawyers' fees, to any person or entity as a result thereof.

## 8. MONITORING OF EFFECTIVENESS OF THIS POLICY

- 8.1 NSFX shall monitor the effectiveness of its order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. In particular, it shall assess, on a regular basis, whether the execution venues included in the order execution policy provide for the best possible result for the client or whether it needs to make changes to its execution arrangements.
- 8.2 NSFX shall notify clients of any *material* changes to its order execution arrangements or execution policy via email.